

New Jersey firm has a \$1B to spend on industrial properties and development sites

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By Tiffani Sherman



Denholtz, which owns the Silver Star Commerce Center, is in the market for more multitenant industrial space in Central Florida. (Handout)

A real estate firm has a lot of money to spend and they're looking to put a bunch of it into properties in Central Florida.

New Jersey-based Denholtz Properties is launching a new \$1 billion fund, targeting multitenant industrial buildings and development opportunities in the Southeast.

“It’s a really a very exciting time. We see an endless opportunity in Florida and the overall Southeast,” said Stephen Cassidy, President of Denholtz Properties. “We watch migration patterns and look at where people are moving, and the pandemic has pushed that forward quickly. We see Central Florida as an opportunity for us.”

This fund involves a new capital partner, a large worldwide hedge fund Cassidy couldn’t name because of contractual obligations.

“It’s so competitive to win products these days. The idea was to go out and find a capital partner who would enable us to act extremely quickly with decisive action and put forth the best offers to potential sellers and to lower our total cost of capital,” he said. “It’s a joint venture with a hedge fund that is fully committed and ready to go. The money is spoken for and ready to deploy. The only thing left to do at this point is to actually find the product to purchase.”

Cassidy told **GrowthSpotter** this fund is looking for industrial properties, but not huge distribution centers.

“We’re really looking for the community-based infill locations, things that are not necessarily on the main highways, but they’re where the population centers are outside of the central business districts.”

The focus is on multitenant centers.

“We like that because it diversifies the risk of any one tenant really being able to control or hurt a product,” Cassidy explained. “We’re looking more for the neighborhood places where people build things, ship things, really run businesses that are essential to local communities.”

The fund is also open to development opportunities

“Where there is land that fits our program, we are capable of building anywhere,” Cassidy said, adding Denholtz has a fully-staffed construction company.

For about the past 20 years, Denholtz has invested in properties throughout the I-4 corridor. The most recent acquisition was a \$17.5 million deal for the Celebration Business Center back in December.

They also own Silver Star Commerce Center, Cypress Park in Orlando and University Corporate Center in Winter Park along with several properties in Tampa, St. Petersburg, and Deerfield Beach.

The company has what Cassidy calls a second headquarters at 100 E. Pine St. in Orlando, solidifying the company’s commitment to the area.

“While pricing has seen incredible gains, there’s still a lot of room to run in our view. We see a lot of price per unit type things in the multifamily world and dollars per square foot in the industrial world as being reasonable compared to what we see in other parts of the country.”

The pandemic has only accelerated what was already happening in the industrial real estate market, Cassidy explained.

“Industrial has become the darling of commercial real estate. It has been on that trajectory for a long time, but the pandemic has really exacerbated the idea that people don’t want to leave their homes. It has picked up on e-commerce.”

The increase in e-commerce has created more need for refrigerated storage and other warehousing areas and delivery centers, just the kinds of places this new Denholtz fund is looking to buy or build.

The company is planning to triple its investment in during the next three to five years, with much of it happening in the Southeast.

“Commercial real estate is at a really great time, despite the inevitable raising of interest rates which are still historically low,” Cassidy said. “Rising rates for all types of property are going to allow us to do really, really well in all of our business models. We like what goes on in Central Florida a lot and we’re going to continue our success there over the next 10 years for sure.”